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## **Value, Social Capabilities, Alienation: The Right to Revolt**

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# Value, Social Capabilities, Alienation: The Right to Revolt

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The civil status of a contradiction, or its status in civil life: there is the  
philosophical problem.  
L. Wittgenstein, *Philosophical Investigations*. P.50.

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## Abstract:

The labor theory of value in classical political economy, particularly as developed in Marx's *Capital*, has been the source of a number of interpretations and controversies. The purpose of this paper is to make an analytical distinction between two types of labor theories of value that can illuminate the role of the less well known of the two different theories in understanding the dynamics of capital accumulation and of systemic changes. This qualitative theory of value can be used to explore the significance of value form in both capitalism and the concept and practices of socialism. It can also offer a new way of defending the right to revolt on the part of those who are exploited under both capitalism and socialism.

## 1. Introduction

The labor theory of value in classical political economy, particularly as developed in Marx's *Capital*, has been the source of a number of interpretations and controversies. The purpose of this paper is not to rehearse these interpretations in detail as a history of economic thought exercise. Rather, I would like to make an analytical distinction between two types of labor theories of value that I think can illuminate the role of the less well known of the two different theories in understanding the dynamics of capital accumulation and of systemic changes. In particular, I claim that such a distinction between the two different types of labor theory of value, when developed properly, could provide insights into the dual role of the theory of value in Marx and the revolutionary Marxist tradition. This approach distinguishes clearly between a quantitative and a qualitative labor theory of value. In this way of looking at the labor theory of value, a quantitative value theory tries to explain the prices of production under the conditions of competitive capitalism. This has been the subject of major commentaries and controversies. It is also clearly related to the attempts to develop an objective theory of value in classical political economy as opposed to the subjective utility and opportunity cost based theory of value in the neoclassical tradition. In particular, Sraffa's seminal contributions, the work of post-Sraffians such as Steedman and the work of the Japanese school following Okishio and Morishima are some of the best examples of quantitative value theory in the Ricardo-Marx tradition.

Much less discussed in the political economy<sup>1</sup> literature is another tradition that is also definitely Marxian in inspiration (with an implicit connection with broader systemic issues raised in Smith's *Wealth of Nations* as well) and can be shown to have enough textual support in Marx as well. I will call this approach to (the labor) value theory, the qualitative theoretical approach. It was clearly stated in the 1920s by I.I. Rubin (1928 (1972)) and has recently been emphasized by theorists such as S. Mohun (1994), M.A. Lebowitz (1972), Steve

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<sup>1</sup> One could conceivably take a position similar to that taken by Cleaver (1979) who makes a distinction between a 'political economy' reading and a 'political' reading of *Capital*. I do not wish to restrict the scope of political economy by adopting this distinction at the outset, although Cleaver is quite right in pointing out that most political economic readings (especially those originating in the second international) of capital are not particularly political.

Fleetwood(2000) and Christopher J. Arthur(2000). In this essay, I will concentrate mainly on this approach after a brief look at the first, quantitative approach which I will not try to develop further here.

## **2. The Quantitative Approach to the Labor Theory of Value:**

The famous transformation problem has its origins in volume III of capital, and the various controversies it generated would easily fill several volumes. Without rehearsing these (the interested reader can go to the sources cited in the references section), I want to emphasize that the transformation problem is not simply about how to get to prices of production from labor values. It is also and more fundamentally about how the rate of profit is determined in a competitive capitalist economy. Recent developments (see for example Abraham-Frois and Berrebi(1995(1997)) in formalizing this approach show that prices of production and the rate of profit are determined simultaneously. Marx's famous formula for the definition and calculation of the average rate of profit is, therefore, not

generally valid. There are some special cases for which Marx's formulation is still correct, and as Abraham-Frois and Berrebi have shown, Marx's work can be interpreted as... 'the starting point of an iteration, which, provided that it is completed, comes close to the current theory of production prices.'<sup>2</sup> (Abraham-Frois and Berrebi, 1997:148)

I will not pursue the many interesting questions – both exegetical and theoretical – that can be raised within the quantitative approach. Suffice it to say that these questions and theoretical problems constitute legitimate areas of research in the theory and history of political economy. Thriving research programs, mainly outside of the mainstream social sciences, exist and the basic issues are by now well understood. Among other things, the pace and rhythm of accumulation of capital – and capital theory in general – can be formulated in a much more meaningful and conceptually rigorous way within this tradition than the neoclassical school.

Instead of seeing it primarily as a theoretical tool for pursuing questions of determination of prices of production, the rate of profit or

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<sup>2</sup> The formal debate carried on by formulating the matrix equations for equilibrium prices has clarified many issues that earlier were clouded by thick and obscurantist verbiage. This is clearly a virtue; but the emphasis on prices as the only or even the key explanandum misses what is really of value in Marx's value theory. Demonstrating this claim is one aspect of the present undertaking.

the rhythm of capital accumulation, the labor theory of value can be given a qualitative interpretation as well. Here the basic question is : why does the value form arise under capitalism? In the next section we will see that in order to pose the problem correctly we will need to go beyond the use-value vs. exchange value distinction of classical political economy. A clarification of the basic theoretical issues involved in the qualitative labor theory of value (QLTV, from here on) will also help us pose a number of other difficult problems in a way that will allow progress to be made. I will illustrate two such sets of problems. First, what is the connection between alienation under capitalism and the value-form? In many Marxian exegetical exercises and theoretical developments,[most notably, Althusser( 1971,1979)] a distinction is made between the early or young philosophical-humanist Marx and later scientific, political economist Marx.<sup>3</sup> Without going into specific details about how valid this interpretation of specific texts of Marx is, I will argue that such a distinction is misleading theoretically in that it misses a deep connection between the political economy of capitalism and the ontological problems of human subjectivity under capitalism. This will be elaborated upon in the final section of this paper.

A second related issue is the problem of transition away from capitalism to a classless, non-exploitative society. Here, I will try to show that the QLTV approach helps us to raise a set of questions that have to do with the abolition of value-form, wage-labor and the overcoming of alienation as problems of liberating labor as the fundamental life activity by freeing it from the shackles of capitalist production and other oppressive social relations. It will also be seen that such a struggle for liberation is essentially political; but politics here has to be redefined as a broad struggle, not just for state power, but an all around struggle to abolish all oppressive relations of domination in every sphere of social life. Such a struggle constitutes the basic strategic aspect of emancipation from class society.<sup>4</sup> An important aspect in abolishing wage labor as a relation of economic domination, according to QLTV, will turn out to be the equalizing of

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<sup>3</sup> It is undeniable that Althusser posed many interesting and important questions relating to Marx's method(particularly in his remarkable essay on dialectics, under the title 'Contradiction and Overdetermination'), the role of ideology etc. But his distinction above has misled many who have missed the connections between the two Marx's. Quite apart from Marxology, important theoretical errors have been made, as demonstrated later in the text by examining the concept of alienation.

<sup>4</sup> The emancipatory project finds strong support in the modern realist philosophy of science. See in particular the works by Bhaskar and Boyd in the reference section.

social capabilities (Sen, 1992, Nussbaum, 1995, Khan, 1995;1998) through a set of progressive economic and social policies. Such a move will also necessitate the formation of new and radically different forms of social life. The theoretical key lies in grasping the alienating aspects of abstract labor under capitalism. Such an understanding leads to asking seriously the question: what are the requirements for labor not to be abstract but the free life-affirming activity of social individuality? Here the connections between Marx's ethics and Aristotelean eudaemonism drawn by Gilbert( 1990, chapter 7) support and are supported by the QLTV.

### 3. QLTV: A Theoretical Formulation:

It is uncontroversial to point out that the main objective of Capital "... was to explain the origin and development of the capitalist economic formation in terms of the developing relationships between men(sic) as producers."(Meek (1956:151). In his magisterial survey of the origins and significance of the labor theory of value Ronald Meek further went on to add:

**It had to be shown, in the case of both of commodity production in general and of capitalist commodity production in particular, that a definite (form of ) production ..... determines the (forms of ) consumption, distribution, exchange, and also the mutual relations between these various elements ...." In this demonstration the labour theory of value evidently played a key role, since it is in effect " a particular way of stating that social relations of production determine relations of exchange."**

This is certainly a methodologically correct and scientifically fruitful way of proceeding, and I will explore this further following the path of inquiry opened up first by the Russian theorist I. I. Rubin(1928). However, I would like to push the scope of *Capital* and the labor theory of value farther. As Engels correctly stated in his speech on Marx's graveside, Marx was first and foremost a revolutionary. Losing sight of this fact can lead one to treat Marx's work as only an academic attempt to understand capitalism. Although there is nothing wrong with academic attempts to understand capitalism (or the fractal nature of snowflakes, or whatever), in Marx's case such an interpretation limits the scope of his most important scientific work unnecessarily. Surely, Marx wanted to analyze capital as a social relation and to a large degree succeeded in understanding capitalism from a scientific point of view. However, and more importantly, he

also wanted to contribute politically to the project of overcoming capital. What Marx said of science in general – that it is always critical and revolutionary – applies with particular force to Marx's approach to the political economy of capitalism.

I want to argue that following this line of thought with respect to the QLTV will show this theory to be indeed both critical and revolutionary. The political project that emanates from a fully developed QLTV is nothing other than that of overcoming capital. In 1850, writing about class struggle in France, Marx had already declared:

**This socialism is the declaration of the permanence of the revolution, the class dictatorship of the proletariat as the necessary transit point to the abolition of class distinctions generally, to the abolition of all the relations of production on which they rest, to the abolition of all the social relations that correspond to these relations of production, to the revolutionizing of all the ideas that result from these social relations.**

(Karl Marx & Frederick Engels, Selected Works :282)

How does an understanding of QLTV help us in understanding why and how an all around class-struggle must be waged to overcome all oppressive political, economic and social relations under capitalism (and, as I will shortly explain, under the Soviet or Chinese varieties of socialism) and all ideas based on them?

I take as my starting point the discussion of the twofold nature of value and commodity fetishism in the chapter on commodities in Capital Vol.1. Here, of course, Marx is trying to deal with the appearances or forms of exchange under capitalist relations of production. However, Marx's method of presentation is intended only to lead the reader from this realm of appearances to the realm of deeper casual relations obscured by these appearances. Therefore, in contrast with the already appearing vulgar theories of exchange and the currently fashionable price and value theory of the neoclassical school, Marx posits (abstract) labor as the substance of value.

To Marx it was clear that the allocation of labor in social production among different branches of production was a natural requirement for the reproduction of the economy and society. Marx accepted such a requirement as an axiom. As he stated clearly in his letter to Kugelmann in July 1868:



**That this necessity of distributing social labor in definite proportions can not be done away with by the particular form of social production, but can only change the form it assumes, is self-evident. No natural laws can be done away with. What can change, in changing historical circumstances, is the form in which these laws operate.**

(Letter to Kugelmann, cited in Meek (1956): 153)

In this same letter Marx repeats his point from the first chapter of Capital Vol.1 that exchange value as a social form appears “.....in a state of society where the interconnection of social labour is manifested in the private exchange of the individual products of labour....”

In his seminal contribution I.I.Rubin makes a general claim about Marx’s political economy with which Marx’s claim about the exchange value form is completely consistent:

**Political economy, which deals with the production relations among people in the commodity-capitalist economy, presupposes concrete economic formation of society. We can not correctly understand a single statement in Marx’s Capital if we overlook the fact that we are dealing with events which take place in a particular society.**

**(Rubin (1928(1972))): 3)**

Therefore, for a scientific explanation of the exchange value form, capitalist production relations are the essential underlying causal relations. In particular, abstract labor as a conceptual category is necessitated by the need for a realist explanation of exchange value.

The conceptualization of abstract labor as being constituted by the concrete relations of production under capitalism is the key to resolving the paradox Marx had already posed in the 1850s:

**On the one hand, commodities must enter the exchange process as objectified universal labour time, on the other hand, the labour time of individuals becomes objectified universal labor time only as a result of the exchange process.**

**(Marx, 1987:286)**

Rubin(1928, 1994) correctly pointed out that production for exchange--- and we might add for profits to be realized through exchange--- leaves its imprint on the production process itself. This imprint, of necessity, is one of control over labor by capital.

It can not then simply be the case – as even some well-meaning critics such as Joan Robinson have maintained – that nothing in Marx’s system depends on the labor theory of value. Quite to the contrary, almost everything does. In particular, a mature political economy based explanation of alienation and a revolutionary critique of capital that points to the way of abolishing capital would have to be abandoned if QLTV is jettisoned. The only part – and this too is controversial – of Marx’s project that can be safely abandoned is the derivation of prices (not just prices of production) from value. But this may not even have been the goal of Marx to begin with. What we need to do at this point, then, is to develop QLTV further in order to show that (a) QLTV is a deep, scientific explanation for alienation and exploitation under capitalism; and (b) QLTV can elucidate the requirements for transition from capitalism towards a classless society. It is to these two tasks that the rest of this paper is devoted.

#### **4. QLTV , Eudaemonism and Alienation:**

If labor is rendered abstract under capital, it is not simply because exchange equalizes social labor. Prior to exchange, in the very relation established by the circuit of productive capital (*Capital Vol.II*) and the hiring of wage-laborers, capital which is dead labor in the monetary form faces living labor not as specific individual lives, but as general capacity for work or as abstract labor power. Furthermore, under the laws of capitalist production, the worker faces domination in workplace which is quite independent from whether surplus value is produced or not. Even if surplus value is produced and distributed to the workers (say, for example, under a profit-sharing scheme) the domination of capital over labor will still exist as long as technical division of labor within the enterprise continues to be accompanied by a hierarchical and non-democratic management system. Under normally functioning capitalism, of course, equal share in the profits of the enterprise is not the case; but this limiting case illustrates clearly what is wrong with the quantitative formulation of exploitation only as the rate of surplus value. Even if the rate of surplus value is zero there can still be exploitation in the very quality of the production relations themselves.<sup>5</sup>

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<sup>5</sup> This has an interesting implication for privatization programs under voucher schemes. Even with equal distribution of shares, there is no guarantee of altered (micro-)relations of production. In particular, when hierarchical, managerial forms persist, not only is there domination in the workplace, but also the familiar principal-agent problem between the absentee owner-shareholders and the management.

This qualitative, relational type of exploitation is conceptually quite close to both Marx's early concept of alienation and Gilbert's emphasis on the underlying Aristotelian aspects of three central features of this concept in Marx. In early Marx, the problem is motivated by a conception of the species-being of humans. Under capitalist conditions of production the potential to be human qua a member of this unique species is thwarted. Of course, it is only much later, after the publication of Darwin's work that Marx would see the specific natural historical connections between evolution and human potential; but the celerity with which Marx grasped the strengths of Darwin's theory while avoiding the crass and false social Darwinism of the Victorian intellectuals suggests that his conceptions were quite consistent with a naturalistic view of life that accorded proper importance to the constraints of social institutions in human development. It is only within the social, political and economic institutions of capitalism that the concept of the proletariat makes sense. And theoretically, the concept of proletariat embodies in a radical form the complete alienation that occurs under the conditions of wage labor. Dialectically, the proletariat also carries the potential to oppose and finally to overcome capital---a potential that we will discuss more fully in the next section.

If we turn now to the interesting thesis of Gilbert that Marx was an Aristotelian in his critique of alienation, it can be seen that such a conception of the theory of alienation supports the emphasis on the QLTV in this paper. Gilbert points out that in some parts of *Capital* Marx "... compared productive activity in general with labor under capitalism in a purely Aristotelian way." Marx's characterization of Milton's labors on the *Paradise Lost* as self-motivated, non-alienated labor and his contrast of such labor with that of a hack writer who writes only for the money he receives from the capitalist publisher underlines the good of genuine life-affirming labor. Ironically, in real life under capitalism and in bourgeois political economy Milton's labor is 'unproductive'<sup>6</sup> while the hack is a 'productive' wage-laborer.

In *Capital*, Marx shows how the accumulated dead labor in the form of capital dominates workers. Workers are mere means of further accumulation. Under the sign of capital death dominates over life and

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<sup>6</sup> That is, under the strict assumption that no wage payments were made.

denies the workers the necessary opportunity to realize their potential to be free, creative beings. As Gilbert points out, Marx's seemingly nonmoral starting point of analyzing commodities ultimately leads to a moral critique of capital as a social relation. QLTV implies such a moral critique as well.<sup>7</sup> In particular, going beyond abstract labor means recognizing the use value/exchange value distinction as emerging in a historically specific, alienated and alienating mode of production. Going beyond such a distinction ultimately means going beyond value form itself, or rather a transvaluation of values<sup>8</sup> that can result from a transformation of capitalist social relations.

Taking the QLTV as the central explanatory framework and connecting it with eudaemonism can also help illuminate Foucault's important insights about the societies of discipline and control that form a part of his critique of modernity. From this point of view such developments are consistent with the reproduction of the value form under the domination of capital. Foucault shows how the discipline of the army served as the model for discipline in the factory. In fact, for Foucault, virtually every institution is permeated with this disciplinary mode of functioning until a more subtle and manipulative system of control can be developed.

Foucault's concept of bio-power<sup>9</sup> is a particularly powerful way of characterizing how the production and reproduction of life itself can become an object of control under capitalism. In *Discipline and Punish*, Foucault analyzes in detail how the human body can be objectified. The fundamental goal of the disciplinary power was to create a "docile body". At the same time, this docile body also needed to be a productive body. Looked at from the perspective of QLTV, this implies nothing less than the total alienation of flesh and spirit. Once again, the problem from the human point of view---in spite of the ironically avowed "anti-humanism" of early Foucault---then becomes: how to overcome this alienation?

We now turn to this problem. If, as I have argued so far, the abolition of alienation requires the abolition of capital as a relation of domination, can QLTV throw any light on how to abolish capital as a social relation?

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<sup>7</sup> Gilbert(1990) ch. 7.

<sup>8</sup> The Nietzschean language is intentional. A radical interpretation of both Marx and Nietzsche can find much that is in common in ethics between these two revolutionary thinkers of the nineteenth century.

<sup>9</sup> See Foucault (1978, 1980, 1994) and Dreyfus and Rabinow (1992). Foucault's debt to Nietzsche as far as the exploration of biopower among other things, through a genealogical study is concerned, has been acknowledged by Foucault himself.

## 5. QLTV and the problem of overcoming capital:

The classical political economists posed the problem of creating both wealth and freedom in a clear fashion. In Smith's formulation the objective theory of value was also to facilitate an objective measure of wealth that in his view was a prerequisite for creating a civilized society beyond the "rude" state that characterized the human societies until the advent of capitalism. As a moral philosopher Smith also advanced normative claims regarding the superiority of capitalism over previous modes of production (Fitzgibbons, 1995; Levine, 1995, 1998). The overcoming of feudalism and the restrictions imposed by such an order on individual freedom, by a transition to capitalism created further prospects for the development of free individuals. Eighteenth century liberalism embodied such prospects as an intellectual system. Yet, as Polanyi and others have documented, the advent of capitalist free market turned out to be at least partly illusory. It was precisely during the heydays of classical liberalism that Polanyi's famous **double movement** developed with all the flair and human drama of an age of contradictions. On the one hand, capital moved aggressively to commodify everything. On the other hand, working-class and democratic struggles kept breaking out, leading to restrictions on capital's moves towards self-expansion and self-aggrandizement. In the twentieth century, through world wars and revolutions the project of breaking away from capitalism seemed to have started, only to meet its demise at the end of the century. Is the QLTV of any use in understanding the dramatic history that reveals Polanyi's double movement? If it is, then how is one to interpret these events and movements in the light of QLTV ?

Logically, the development of QLTV requires the presence of struggle at the point of production. Therefore, it is consistent with the theory of double movement. Still, if struggles are to be conceived only at the sites of production then a larger politics of the workers involving the goal of seizing power and transforming the world seems to be precluded. Hence, either a broadening of QLTV consistent with its original premises seems to be called for, or we have to abandon the project of linking the value theory with human liberation. The stakes are indeed quite high, and I want to explore the first alternative. However, it will turn out that this broadening is inconsistent with Marx's view of socialism as developed in his *Critique of Gotha Programme*.

The central question from the perspective of QLTV, it may be recalled, is not the determination of prices but rather the existence of the value form as such. It could be argued then that the transition away from capitalism towards a higher form of society ultimately requires the abolition of wage labor, and therefore, also the value form. Forms of exchange may and probably will exist in such a society, but the extraction of value from living labor and nature by discipline and control ( in the specific sense developed in Foucault's writings) will no longer be necessary. Clearly, between such a society of the future and the present society of exploitation there will be an entire historical epoch of struggle where the nascent features of the new society will develop unevenly--- the tendencies may even be reversed at times. Writing in 1875, with only the short-lived Paris commune as an historical example of workers' state power, Marx became cautious about the transition program. However, there were no further revolutionary seizures of power to put Marx's later views to test during his lifetime. It was with the October revolution in 1917 that such an opportunity would arise.

On the eve of the second anniversary of the Soviet power, Lenin expressed his views on the basic problems of the transition period. "This transition period cannot but be a period of struggle between moribund capitalism and nascent communism - in other words between capitalism which has been defeated but not destroyed and communism which has been born but which is still very feeble."

The immediate struggles in the economic, political and cultural spheres in Lenin's time depended, of course, on the peculiarities of capitalism in Russia and other even more backward regions in the Czarist Russian empire, and the conditions under which power passed from the hands of the bourgeoisie into those of the proletariat and the peasantry in 1917. The basic insight of Lenin about the existence of a period of protracted struggle after the political revolution has been amply demonstrated by all subsequent revolutions. What are the general features of these struggles?

In the first place, there is the struggle over forms of property in means of production. The overthrow of the bourgeoisie or the landlords has not meant the immediate transition from capitalist and other class-forms of property to direct social ownership of means of production as the predominant form. Yet every proletarian revolution must accomplish this sooner rather than later, or else relinquish the task of transition to a classless society in all probability. This, of course, does not mean that there can not be mixed property

ownership forms for some considerable time during the transition period. As Hodgson(1991) has pointed out, basing himself upon the theory of Cybernetics advanced by Ashby and others, we have to recognize the operation of *the principle of impurity* in any actual society. That is to say, in the actual institutional structure of property rights many other forms than collective, social ones( such as small producers with their own means of production) may continue. In other words, some small producers will definitely be allowed to produce and sell goods and services even as big capital is being socialized. The only proviso is that labor must not be exploited by the owners of such means of production .This can be guaranteed by setting limits to private appropriation of the surplus as well as regulation of work conditions and participation of the workers along with the small proprietor in making decisions.

Secondly, there is the struggle over changing the relations of production. Changing the legal ownership of property does not by itself alter the real relationship between mental and manual labor, between the planning and executing of economic decisions, between the countryside and the city. The most stubborn all around struggle has to be waged to transform these relationships, which even after the victory of the proletariat initially remain stamped with the marks of a class society stratified in almost all dimensions including income, status, education and the general level of culture. Lenin fully appreciated the importance and intensity of this type of struggle. Hence the proviso against the exploitation of labor above, regardless of the form of property relations during the entire transition period.

**"The dictatorship of the proletariat is a persistent struggle - bloody and bloodless, violent and peaceful, military and economic, educational and administrative - against the forces and traditions of the old society. The force of habit of millions and tens of millions is a most terrible force."**

It is clear from Lenin's statement that changing these relations would require an all-sided - economic, political, cultural - struggle during the entire transition period. The history of post-revolutionary societies amply confirms this observation. Unfortunately, Lenin does not seem to have grasped the full significance of this himself. Thus he advocated the adoption of Taylorism in production uncritically, seemingly without realizing the oppressive and hierarchical relations of production on which the successful implementation of Taylorism depended. It should be noted here that such hierarchical production relations are ruled out by QLTV as logically

inconsistent with the project of overcoming capital. If these have to be maintained for some time because of hysteresis, they will have to be perceived as exactly what they are--- deformations and historical drags which, if left unchecked, will strengthen the tendencies towards the creation of alienation, deformation of culture and ultimately, creation of a privileged group that might even lead to a restoration of capitalism. Ironically, such restoration may even take place at a higher social productivity of labor.<sup>10</sup>

Curiously enough, Lenin also does not mention distribution, except of course in the sense that distribution of the means of production is to be settled in what he perceived as the class interests of the proletariat - through the state form of property and central planning. Needless to say, this aspect of distribution is crucial, for without it any discussion of the distribution of the means of consumption is merely a theoretical muddle. Here, it must be emphasized that undemocratic forms of central planning also carry grave dangers and can certainly undermine the transition process.<sup>11</sup> At the same time one must not presume that Lenin as a theoretician simply ignored the issue of distribution out of carelessness. The reason for the apparent omission, I believe, is that the issue was thought to have been settled already in one of the classic statements on the transition period by Marx himself.

In his *Critique of the Gotha Program*, Marx describes the distribution of the social products in the following way:

A. Deductions from the social product

- i) for the means of production used up
- ii) net investment
- iii) social insurance

B. The remainder = means of consumption. Deductions are to be made here too.

- i) "the general costs of administration not belonging to production;"

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<sup>10</sup> This should be another reason to be skeptical of economic determinist versions of Marxisms. For a critique of economic determinism, see Gilbert (1981). Later in this section of the paper, I point out the implausibility of an economic approach to transition away from capitalism.

<sup>11</sup> This issue is distinct from the efficiency of central planning. We also know now that because of informational and other problems the coordination through central planning is not as simple as both the Leninists and the market socialists had thought earlier. For a trenchant critique of market socialism and the Lange-Taylor theorem in particular from the modern information theoretic view, see Stiglitz (1994). More directly related to the distributional concerns is the position taken in Amin (1981) which is in some ways the best defense of an egalitarian development strategy under socialism.



- ii) "that which is intended for the common satisfaction of needs, such as schools, health services, etc.;"
- iii) "Funds for those unable to work, etc."

The remainder of the products, after these deductions have been made, is distributed according to work. In a famous paragraph Marx declares,

**What we have to deal with here is a communist society, not as it has developed on its own foundations, but, on the contrary, Just as it emerges from capitalist society; which is thus in every respect, economically, morally and intellectually, still stamped with the birth marks of the old society from whose womb it emerges. Accordingly, the individual producer receives back from society - after the deductions have been made - exactly what he has given to it. What he has given to it is his individual quantum of labor. For example, the social working day consists of the sum of the individual hours of work; the individual labor time of the individual producer is that part of the social working day contributed by him, his share in it. He receives a certificate from society that he has furnished such and such an amount of labor (after deducting his labor for the common funds), and with this certificate he draws from the social stock of means of consumption as much as the same amount of labor costs. The same amount of labor, which he has given the society in one form, he receives back in another.**

Marx was not oblivious to the fact that the last sentence of the previous paragraph insists on the maintenance of "bourgeois rights" - exchange of equal values - during this first stage of communism. Since an equal standard (namely labor) is being applied to unequal individuals (unequal by natural or social endowments) this equal right in form is in actuality also "a right of inequality in its content."

Notwithstanding these observations, Marx concluded that these were merely defects inevitable in the first stage during the transition. He even went so far as to declare that "right can never be higher than the economic structure of society and its cultural development conditioned thereby." This, interpreted narrowly, can very easily open the door to an economic determinist theory of transition similar to that advocated by the Soviet (and more recently) and Chinese "theorists" today.

Marx went on to explain that "in a higher phase of communist society, after the enslaving subordination of the individual to the division of labor, and with it also the antithesis between mental and physical labor, has vanished; after labor has become not only a means of life but itself life's prime want; after the productive forces have also increased with the all-round development of the individual, and all the springs of co-operative wealth

flow more abundantly - only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: from each according to his ability, to each according to his needs!"

I have dwelt at length on this theme in Marx to emphasize that the post-revolutionary distribution policies in the Soviet Union and (with some important exceptions) in the People's Republic of China, as well as in other smaller post-revolutionary societies, did not in the main depart from Marx's classic statement (though recent statements by the Chinese indicate that they are willing to increase inequality indefinitely as the productive forces there are too backward). Stalin's criticisms of egalitarian tendencies in the CPSU in the 30's as petty bourgeois relied on the authority of Marx. Leaving aside the question of the methodology of settling all disputes by an appropriate quotation from the Master, here I would like to reopen the question of egalitarian distribution in light of the ultimate goals of proletarian revolutions - the elimination of all classes, all the relations of production on which they rest, all the ideas emanating from these relations and the establishment of a real classless society world-wide. It will turn out that the QLTV has some surprising implications that contrast sharply with the theory and practice of socialism.

I begin from the theoretical position that the question of distribution, important as it is, can not be divorced from the question of production relations if one is to take the QLTV seriously. This is true for two reasons. First, egalitarian distribution has to be understood, not as equality of incomes, but as equality of capabilities (Sen, 1992, 1999; Khan 1995, 1998). Marx was correct to observe that given existing inequalities of laboring capacities and the difference in needs that are partly but not totally connected to these inequalities, the right to equal income would in fact be a right to inequality. Yet, if the ultimate goal is to improve the actual capacities and equalize the positive freedom of achieving the kind of life one has reasons for valuing positively as a human life, and if Gilbert is right in characterizing Marx as an eudaemonist, then Marx could more consistently uphold the equalizing of capabilities position. Martha Nussbaum (1992, 1995) has made a powerful case for interpreting Sen's capabilities approach as Aristotelian. Following the eudaemonist approach, Khan (1995, 1997, 1998) has argued consistently for recognizing the fully social character of capabilities and introduced the term **social capabilities** to underline such recognition. This approach implies, among other things, that social, political and economic institutional structure must fit the equalizing of capabilities

objective in reality. Therefore, there is also a realist ontological assumption behind this social capabilities perspective. Human needs and wants will dialectically shape and be shaped by the institutions of freedom. A proletarian revolution merely creates ontologically and historically the possibilities for furthering this project.

Second and more importantly, related to this point is the more directly value-theoretic one that if a classless society is to come about, the value form must be made unnecessary. The point of view that suggests that maintaining the right to inequalities in order to increase production so that inequalities can be reduced further in the distant future suffers from a peculiar type of economic determinism. Such a stance, taken frequently by theorists of post-revolutionary societies, has ultimately legitimized exploitation in the sense of domination of workers in production by the management and party hierarchy, robbing the rank and file workers of political autonomy for the kind of equalizing moves that are postulated by the theory of socialism as a transitional strategy. If the goal of abolishing wage labor remains far in the future, after society has become wealthy enough (how much wealth is enough?), paradoxically, the socialist project begins to assume more and more a utopian character. This kind of thinking has led the Chinese theoreticians to postulate a long stage of socialism during which the productive capacity of the economy expands. However, as the actual production and distribution relations become almost classically capitalist, such theoretical moves look more and more like pious hope, rather than scientific modifications of an approximately true theory in light of existing facts and historical experiences.

The QLTV would read the evidence from China correctly as transition away from even socialism to a more explicitly profit and inequalities driven capitalism. This theory would also suggest moves to institute policies for equalizing social capabilities immediately. The implications of QLTV are not simply or even primarily economic. Rather, seeing the value form as domination at the work-place that requires deeper and wider legal and institutional mechanisms involving considerable violence to the workers via a repressive state apparatus (even if this is sometimes done with some formal democratic procedures) the workers and their allies must struggle to overcome this repressive state form and the other institutions and culture that sustain it as well. Therefore, consistent with Marx's observations in 1850, QLTV implies an all around struggle against capital as an ensemble of economic, social, political and cultural relations.

If the above argument is valid, it also can throw further light on the more radical varieties of poststructuralist and postmodern thought. While there are epistemological confusions and inconsistencies that sometimes push many of these thinkers to nihilism (Khan, 1995, 1998), the ethical core of thinkers such as Foucault, Derrida, Deleuze and Guattari can be understood as a legitimate revolt against domination and injustice. The molecular revolution that Guattari advocates and the danger that Foucault embraces are stances consistent with the QLTV. An elaborate schema of overcoming domination flowing from the QLTV would include these and other positions for empowering the **multitude** (Hardt and Negri, 2000). The proposal for deep democracy (Khan 1998) and other similar proposals (e.g., Gilbert 1990, 1999) mobilize democratic theory in this direction. Democratic Internationalism from below will necessarily have to be an integral part of such democratic movements globally.<sup>12</sup>

## Conclusions:

Thus, the distinction between the two types of labor theory of value carry some surprising consequences. The old academic project of theorizing the determination of prices is not seen as particularly relevant to the overall project of human emancipation. In terms of philosophy of science, a critical realist perspective<sup>13</sup> (Bhaskar, 1989, 1987; Boyd, 1985a,b, 1983, 1979, 1973; Lawson 1997; Fleetwood 2000) would characterize the quantitative approach as ignoring the deeper structures and relations that constitute capital as a social relation.

By the same token, a realist philosophy of science would also uphold the value of the QLTV as a deep structural social and political economic theory that uncovers relations of domination and exploitation, first at the point of production, but then can extend these relations in a consistently realist

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<sup>12</sup> These are topics that obviously call for deeper and more extended analysis which is beyond the scope of this paper. Democratic internationalism from below is a topic that requires going beyond the framework of the nation state itself and the currently dominant theoretical structures in international relations. Hardt and Negri have a somewhat different conception of this 'going beyond'; but their discussion in *Empire* is not sufficiently developed for a fruitful comparison with the better articulated theory of democratic internationalism yet.

<sup>13</sup> See also, Gilbert (1990) for extensive critical coverage of the debate on both scientific and moral realism. Khan (1995, 1998, 2001) argues for a critical realist perspective to understand the postmodern insights into the limits of reason etc. Tony Lawson (1997) makes the global case for applying the insights of critical realism in virtually all areas of economics. All of these realist attempts to understand society and nature attempt to go beyond the Humean skepticism by offering deeper causal accounts of the phenomena to be explained.

manner to other social dimensions as well. In doing so, it also extends the explanatory range and depth of theory. Consistent with Marx's lifelong project, QLTV establishes itself as a realist and emancipatory theory of revolutionary practice. What is perhaps even more important is that this interpretation of value theory resonates strongly with overtones of revolts by ordinary people. Thus an adherent of the QLTV could strongly and more coherently endorse Foucault's defense of the right to revolt in his lyrical essay '*Inutile de soulever?*'

**There is no right to say: 'revolt for me, a final liberation is coming for everyone.' But I do not agree with someone who says: 'It is useless to revolt. It will always come to the same thing.' One does not make the law for the person who risks his life before power. Is there or is there not a reason to revolt?**

**(my translation)**

The qualitative approach to the labor theory of value replies to Foucault's question with a joyous life-affirming yea-saying response---a strong and vibrant shout<sup>14</sup> from the street, 'yes there is a reason to revolt against alienation and domination'. Even more importantly, as Foucault increasingly seemed to have realized in the context of his later work on subjectivity, QLTV justifies a realist ontology of free labor as uncoerced activity that will create a new human species beyond the narrow horizons of modern competitive capitalism and bureaucratic socialism, a new type of creative, active, free social individual through processes that are completely immanent.<sup>15</sup>

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<sup>14</sup> James Joyce, *Ulysses*. In the Nestor episode, the dialogue between Stephen Daedalus and Mr. Deasy: ---History, Stephen said, is a nightmare from which I am trying to awake. From the playfield the boys raised a shout. A whirring whistle: goal. What if that nightmare gave you a back kick? ---The ways of the Creator are not our ways, Mr. Deasy said. All history moves toward one goal, the manifestation of God.

Stephen jerked his thumb toward the window, saying:

---That is God.

Hooray! Ay! Whrrwhee!

<sup>15</sup> See Gilles Deleuze, *Foucault*, Paris: Minuit, 1986. Both the text and Deleuze's postscript on the superfold can be said to present a fascinating preamble to the project of 'overcoming man'. QLTV gives a realist, historically ontological basis to this project, and can serve as a prologomenon to the development of further revolutionary practice and theory in an ongoing process. This process can become self-sustaining only after a critical transition period of institutional transformations.

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